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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 12/13/07

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ARTICLES:

(1) Poll on Fukuda cabinet, political parties, MSDF refueling mission

YOMIURI (Page 2) (Full)
December 11, 2007

Questions & Answers

(Figures shown in percentage. Parentheses denote the results of a survey taken in November.)

Q: Do you support the Fukuda cabinet?

Yes 52.5 (52.2)
No 35.3 (36.0)
Other answers (O/A) 3.3 (3.3)
No answer (N/A) 9.0 (8.6)

Q: Which political party do you support now? Pick only one.

Liberal Democratic Party (LDP) 35.3 (34.3)
Democratic Party of Japan (DPJ or Minshuto) 17.1 (22.5)
New Komeito (NK) 2.5 (2.7)
Japanese Communist Party (JCP) 2.1 (2.3)
Social Democratic Party (SDP or Shaminto) 0.8 (1.1)
People's New Party (PNP or Kokumin Shinto) 0.3 (0.2)
New Party Nippon (NPN or Shinto Nippon) 0.1 (0.2)
Other political parties 0.2 (0.1)
None 40.8 (36.0)

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N/A

Q: Japan sent Maritime Self-Defense Force vessels to the Indian Ocean under the Antiterrorism Special Measures Law. In the Indian Ocean, they conducted refueling activities for vessels belonging to the multinational forces engaged in antiterror operations in Afghanistan. However, the law expired on Nov. 1. Japan has therefore wound up its refueling activities there. Do you support continuing the MSDF's refueling mission there?

Yes 47.5
No 41.1
N/A 11.3

Q: The government has now introduced a new bill to the Diet in order to continue the MSDF's refueling activities in the Indian Ocean. The new legislative measure limits the MSDF's activities in the Indian Ocean to fuel and water supply only. This bill does not require the government to ask the Diet for approval and sets the period of time for MSDF activities in the Indian Ocean at one year. Do you support this legislation?

Yes 44.7
No 42.6
N/A 12.7

Q: If this bill intended to continue the MSDF's refueling activities is voted down in the House of Councillors, the House of Representatives, in which the ruling coalition of the Liberal Democratic Party and New Komeito holds more than two thirds of the seats, can revoke on it. Do you think it is appropriate to do so?

Yes 42.5
No 43.9
N/A 13.6

Q: Do you appreciate the DPJ's response in the current Diet session?

Appreciate very much 3.6
Appreciate somewhat 33.1

Don't appreciate very much 41.7
Don't appreciate at all 15.5
N/A 6.1

Polling methodology

Date of survey: Dec. 8-9.

Subjects of survey: 3,000 persons chosen from among all eligible voters throughout the country (at 250 locations on a stratified two-stage random sampling basis).

Method of implementation: Door-to-door visits for face-to-face interviews.

Number of valid respondents: 1,773 persons (59.1 PERCENT).

(2) Asahi poll: 66 PERCENT of respondents say that regional economies have come to a standstill due to sharp rise in crude oil prices

ASAHI (Page 1) (Full)
December 13, 2007

Asahi Shimbun carried out a survey of regional economies directed at

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business managers in 47 prefectures. Respondents who view the regional economies as having come to a standstill reached 66 PERCENT . The figure comes to 72 PERCENT , if those who replied, "Local economies are declining slowly" and those who said, "Local economies are worsening" are combined, up 24 points from the previous survey in June. Their perception of the economy is extremely severe, compared with the results of a survey of 100 leading companies carried out in November. The outcome indicates that high crude oil prices and stagnant consumption are dealing a further blow to the already exhausted local economies.

The survey was carried out on Nov.15-30, targeting chambers of commerce and industry and regional banks in 47 prefectures. It was carried out, based on interviews with top executives, in principle, and 94 replied.

Regarding the present state of the regional economies, 5 PERCENT of pollees in the previous survey replied, "Regional economies are expanding." However, no such replies were made this time. The number of those who replied, "Local economies are gradually recovering," sharply dropped from 46 PERCENT to 28 PERCENT . Pollees who replied, "Local economies have reached an impasse, but there are some signs of improvement" increased from 31 PERCENT to 37 PERCENT . Those who replied, "Local economies have come to a standstill" increased from 15 PERCENT to 29 PERCENT . Those who replied, "Local economies are slowing gradually," stood at 5 PERCENT . One percent replied that local economies are deteriorating.

In a survey of 100 major companies carried out almost at the same time, pollees who replied either "The economy is expanding" or "It is recovering slowly" topped 60 PERCENT , though the figure dropped from the June survey. In comparison, more respondents in regional areas, where there are many mid-ranking, medium and small businesses, felt that the economy is slowing. The Niigata Chamber of Commerce and Industry president even said, "To begin with, there has hardly been economic recovery for small- to medium-sized businesses in our prefecture."

If business sentiments felt in each prefecture are divided into three steps, the number of prefectures that see the economy indicating "an expansionary or recovery trend" dropped from 27 to 14. The number of prefectures that see the economy "at a standstill or in a temporary lull" increased from 20 to 31. Business sentiments have improved only in Tokyo and two prefectures and deteriorated in 18 prefectures.

As future causes for concern (two replies were allowed), the largest number -- 53 PERCENT -- of respondents cited "a rise in crude oil prices," followed by "stagnant personal consumption" given by 30 PERCENT and "the future of the U.S. economy," cited by 23 PERCENT . The results appear to have reflected the present situation where pressure is put on small and medium-size businesses in terms of income and earnings, because they are unable to pass the buck by

raising prices. Hyakugo Bank President Maeda expressed concern, "Small and medium-size businesses are pressed to streamline their companies. Gaps between leading companies and small- and medium-size companies will further widen."

Regarding the gap between major cities and regional areas, 94 PERCENT of respondents gave the reply "widening."

(3) MSDF warship depot held huge party with 250 suppliers

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AKAHATA (Page 15) (Abridged slightly)
December 13, 2007

By military interest coverage team

A former administrative vice-defense minister has been arrested on suspicion of taking bribes from a defense equipment trading house in return for giving favors. The existence of cozy relations between the Self-Defense Forces and their contractors is now a serious problem. Under such circumstances, it was found through the Akahata's investigation that the Maritime Self-Defense Force's (MSDF) warship depot (Yokosuka City, Kanagawa Prefecture) that repairs destroyers and submarines and procures their weapons and equipment had thrown a large party for their suppliers at which alcohol was served.

The party took place on Dec. 10 at Heiankaku Yokosuka in the city of Yokosuka. The party started at 5:00 p.m. at a banquet hall following a procurement coordination liaison meeting to announce changes to the delivery methods that began at 3:00 p.m. The party was attended by representatives of 250 suppliers and some 500 SDF personnel.

"We have never held such a huge party before," a depot official said.

In front of the banquet hall, the military interest coverage team asked MSDF warship depot services and secretarial section chief, Lt. Hiroyuki Morita what was the party for.

Lt. Morita explained: "Because the meeting brought together our suppliers, we planned the get-together party after the meeting in part to celebrate the depot's 90th anniversary."

Lt. Morita stressed that it did not violate the SDF code of ethics because everyone -- the suppliers and SDF personnel alike -- paid 5,000 yen. He declined the team's request to let them cover the party, saying: "There will be no speech by the depot chief; it's just a buffet party."

Presenting their business cards, representatives of suppliers greeted and chatted cheerfully one after another with the uniformed officers lined up in the hallway. Sales representatives also actively exchanged information, swapping their business cards.

The SDF explained that the procurement coordination liaison meeting was held to inform the suppliers of the changes in the procurement methods with the aim of correcting the problem of collusive ties between the SDF and the military industry that escalated into the arrest of the former vice-defense minister.

But why have a party with suppliers?

As if to exemplify improper relations with suppliers, it has just come to light that the commander and senior officers of the Air Self-Defense Force's Shariki detachment base in Aomori Prefecture had attended a dinner party held by a supplier.

Warship depots' procurement costs are enormous. The great majority of the expenditures are for discretionary contracts awarded (without the bidding process) to major arms and military manufacturers that hire a good number of retired Defense Ministry officials and SDF

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officers.

Defense contractor Yamada Corp., which had collusive ties with the former vice-defense minister, is suspected to have padded bills for landing crafts.

A former senior MSDF officer noted: "Changing the contract system is aimed at removing such a collusive structure. Why was it necessary to hold a wining-and-dining party with suppliers by taking advantage of a meeting held for another purpose? Hungry for contracts, suppliers that received invitations never miss such events. Many suppliers make cash contributions when they have to miss such parties. Collusive ties with suppliers are now a major problem, so (SDF personnel) should demonstrate high morals."

A Ministry of Defense official said: "We are aware that the meeting was held, but because the problem areas are not clear, I would like to refrain from making any comment."

(4) Former defense facilities administration bureau chief: Miyagi governor also used good offices when he was prefectural assemblyman

AKAHATA (Page 15) (Abridged slightly)
December 13, 2007

Former Sendai Defense Facilities Administration Bureau Director General Nobumasa Ota held a press conference in Tokyo on Dec. 11 regarding allegations that lawmakers, such as Finance Minister Fukushima Nukaga, used their good offices over bidding for construction work ordered by the former Defense Facilities Administration Agency. Ota said: "In 1999, a general contractor was introduced by Miyagi Governor Yoshihiro Murai, who was Miyagi prefectural assemblyman at the time."

According to Ota's diary, Gov. Murai on Nov. 16, 1999, when he was still a prefectural assemblyman, said to Ota on the phone: "The chairman of the Association of General Contractors of Sendai wants to have some drinks with you." Murai, along with the chairman, called on Ota on Nov. 22, 1999.

The chairman said: "Please keep the association's member companies in mind." He also reportedly said about the company run by him: "My company has not been designated (by the bureau) as a bidder over a dozen or so year years."

Ota has a list of good offices used by lawmakers, compiled by his subordinate. The list has an entry saying that Gov. Murai introduced a contractor that day.

Ota also revealed in the press conference that there had been telephone calls from three individuals, including a senior official and a former official of the then Defense Agency, and that some contractors were introduced to him when he met them in person.

Following Ota's statement, Gov. Murai said on Dec. 11: "It is not just possible. I have met Mr. Ota, but I have no recollection of such a conversation. I am truly troubled. It's intolerable."

(5) Future course of six-party talks: Question is whether North Korea will report all its nuclear programs before year's end

YOMIURI (Page 15) (Full)

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December 12, 2007

By Ichiro Ue, Yomiuri editorial writer

Ichiro Ue says that the highlight of the future course of the six-party talks on North Korea's nuclear ambitions is whether the North reports its nuclear programs before the end of the year.

The initial step of the implementation plan North Korea agreed in the six-party talks was to suspend the operations of its three nuclear facilities (a 5-megawatt nuclear reactor, a facility to

reprocess spent nuclear fuel rods, and a facility to fabricate spent fuel rods) at Yongbyon, which is located in the northern part of Pyongyang. North Korea implemented this first step in July.

It has been also decided in a joint document of the six-party talks, which was issued after the Oct. 3 round of the multinational talks that North Korea will disable the three nuclear facilities at Yongbyon and report all its nuclear programs by Dec. 31, 2007.

There is a difference in the progress between the dismantlement and report.

North Korea has steadily moved ahead with the work of disabling the three nuclear facilities, which started on Nov. 5 under the initiative of the United States. US Assistant Secretary of State Christopher Hill, who visited Pyongyang on Dec. 3-5, said: "The process has been carried out smoothly." The work of extracting and preserving fuel rods from the reactor will be started.

However, contrary to Hill's optimistic prospect, Pyongyang has not presented any draft report of its nuclear programs. Hill talked about his meeting with North Korean Vice Foreign Minister Kim Kye Gwan after leaving Beijing: "There are gaps between the two sides."

In negotiating with Hill, the North Korean side reportedly stressed its policy of taking "action for every action." It means that Pyongyang demanded that other member countries of the six-party talks give rewards in return for its effort to disable the nuclear facilities and to report all its nuclear programs.

In return for suspending the nuclear facility operations and disabling the three nuclear facilities, North Korea has been promised that it will receive economic and energy support, such as 1 million tons of heavy oil. Excluding Japan, which has conditioned its assistance for North Korea on progress in the abduction issue, South Korea, Russia, China and the United States are each providing the North with 50,000 tons of heavy oil.

Pyongyang has been trying to improve relations with the U.S., aiming at concluding diplomatic ties with Washington, but it has shown reluctance to report its nuclear programs. Still, the North seeks to be removed from the U.S. list of states sponsoring terrorism.

The U.S. aim, however, is to permanently disable the Yongbyon complex. The two countries have already engaged in maneuvering over a report on the North's nuclear programs by Dec. 31.

Washington wants to have Pyongyang report all its nuclear programs, while hinting at a possible improvement in bilateral relations, which Pyongyang has long hoped for. North Korea, however, wishes to underreport the plutonium it has for weapons use and to keep as many

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developed nuclear weapons as possible. This is the reason that the North has stressed that the suspension and disablement of the nuclear facilities are a measure for not increasing nuclear weapons.

U.S. Secretary of State Condoleezza Rice recently emphasized: "The report should be complete and accurate." Hill is also seeking to constrain North Korea, saying: "The report should mention not only the present issues but also the past nuclear activities."

With a delay in the submission of the report, North Korea may try to make the U.S. impatient. Pyongyang presumes that the Bush administration will not destroy the framework of direct negotiations between the two countries, as long as it is enthusiastic about resolving North Korea's nuclear issues during its term, which will run out in one year.

North Korea has invited the New York Philharmonic to Pyongyang next January and the U.S. government gave approval to the tour. The North appears to be trying to urge Washington to make a concession as early as possible by producing a mood of close relations.

However, there is a doubt that the North Korea is really determined

to completely abandon its nuclear weapons in the end. It may dream that it will join the international community still possessing nuclear weapons like India and Pakistan. The North Korean media has reiterated: "The issue of nuclear weapons should be discussed after U.S.-North Korea relations are improved." Until then, North Korea has no intention to abandon them.

If the U.S. makes an easygoing concession to North Korea and that country joins the international community without abandoning its nuclear weapons, it will remain a threat to Japan. Japan needs to let the U.S. know its fears.

(6) Steep road ahead for Japan to take initiative in environment diplomacy

TOKYO SHIMBUN (Page 1) (Full)
December 13, 2007

"Japan is willing to positively contribute to resolving environment issues in the region by making use of its state-of-the-art technology. Japan is in the position of leading the world (in the environmental area)." Prime Minister Yasuo Fukuda proudly made this statement in the East Asia Summit in Singapore on Nov. 21. He then outlined Japan's support measures to protect the environment for East Asian countries, centering on financial disbursements.

Cooperation from rapidly emerging countries in Asia is indispensable in adopting a post-Kyoto framework that involves all countries. The Japanese government envisions a scenario in which Japan would play up its presence in Asia and take the initiative in international negotiations that include the United States and China, both of which are large emitters of global warming gases.

Prime Minister Fukuda has taken over the "Initiative to Cool Earth 50" advocated by former Prime Minister Shinzo Abe and has deemed the issue of global warming as a key theme for his administration. The prime minister set up the post of special advisor to the cabinet for climate change issues this month and awarded the post to former Ambassador in Charge of Global Environmental Problems Mutsuyoshi

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Nishimura, demonstrating his determination to address environmental issues under the lead of the Prime Minister's Official.

Such efforts by Fukuda reflect his desire to exercise leadership at the major summit conference (Lake Toya Summit in Hokkaido) next summer, in which global warming will be high on the agenda. He also aims to underscore achievements in the Summit by issuing a message agreed by all industrialized countries.

Even so, it has been exposed at the ongoing 13th session of the Conference of the Parties (COP13) to the United Nations Framework Convention on Climate Change that there are wide perception gaps over a post-Kyoto framework among participant countries. Japan takes a neutral stance, so it volunteered to serve as a coordinator. But a government source responsible for negotiations said: "A coordinator will be made a victim of bullying," because of the wide gaps.

Japan is required to reduce greenhouse gas missions by 6 PERCENT from 1990 levels under the Kyoto Protocol. In fiscal 2006, though, Japan discharged 1,341 million tons of gases, up 6.4 PERCENT from fiscal 1990 levels as a result of increases in gas emissions from households and offices.

The government has decided to revamp its plan to attain the goal this October and to come up with a revised version next March. But many companies are negative about proposed further efforts. A senior Foreign Ministry official grumbled: "Unless prospects are developed for Japan to meet its gas-reduction target, it will be impossible to propose a framework superior to the Kyoto Protocol."

The current unstable political situation caused by the ruling camp's crushing defeat in the House of Councillors election in July is casting a pall over Japan's efforts. Although the government had decided that a new prime minister would deliver a speech in a United Nations high-level meeting on climate changes held in New York in

September, since the Liberal Democratic Party presidential election and the meeting were on the same day, former Prime Minister Yoshiro Mori attended the meeting. The political situation is expected to be unstable in the future. If the prime minister is preoccupied with domestic affairs, he will be given no chance to demonstrate his policy imprint in the environment area.

A steep path lies ahead for the prime minister, dogged by troubles both at home and abroad, to assume leadership in environmental diplomacy.

(7) Subprime loan calamity spreads: U.S. financial institutions likely to incur largest losses in postwar period; Idea of injection of public funds floated

ASAHI (Page 3) (Excerpts)
December 13, 2007

No prospects are in sight for settling the issue of unrecoverable subprime housing loans extended to people on low incomes. In an unprecedented move, five central banks of the U.S. and Europe announced on Dec. 12 a plan to inject in concert a large sum of capital into the market. Fluctuations in the financial markets are also linked to the soaring price of oil. There exists a serious dilemma of inflation and low growth battering the world economy.

Sharp rise in prices of resources due to inflow of speculative

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funds: Japanese economy hard hit

The subprime crisis is shaking not only the U.S. but also the world economy. Financial institutions in many countries have incurred losses due to investment in securitized loans. The crisis has ruptured the global flow of capital. The value of US stocks dropped significantly last month. Crude oil prices are now at 100 dollars (per barrel) for the first time. Soy bean futures have surged to a 34-year high. The price of gold, which has been regarded as a stable asset for 28 years, has risen to a new high.

The unanimous view of market insiders is that an influx of a large amount of speculative funds, such as hedge funds, has entered the market. Hedge funds, having incurred losses due to the confusion in the financial market, seem to have activated commodity investments, expecting benefits from rising prices.

Sharp rises in resource prices will have a major impact on the Japanese economy. The over-the-counter price of regular gasoline (national average as of Dec. 10) was 155.5 per liter, up about 26 yen since April. The consumer price index (excluding perishable foods) for October rose 0.1 point, compared with the previous year, for the first time in 10 months. There is an observation that the index would increase 0.7 points by next spring.

Small and medium-size businesses, which employ 70 PERCENT of persons in employment, prefer to cut wages, finding it impossible to raise the prices of their goods and services, according to the Economist. The subprime crisis could deal a double whammy to the family budget if retail prices are hiked and wages cut.

A trend to move away from the dollar will also accelerate. Export-oriented companies have been booming. However, there is now concern that their earnings could deteriorate. The Organization for Economic Cooperation and Development (OECD) yesterday lowered estimates for Japan's economic growth for 2007 and 2008 by 0.5 PERCENT to 1.9 PERCENT and 1.6 PERCENT respectively from its May projection.

(8) TOP HEADLINES

Asahi, Mainichi, Nikkei & Tokyo Shimbun:
Five U.S., European central banks to take joint steps to fight subprime problem by providing funds

Yomiuri:
MSDF officer to be arrested today for alleged leak of Aegis ship

data

Sankei:

Social Insurance Agency finds 571 unidentified accounts whose holders were confirmed owing to receipts despite no records

Akahata:

Abolish new antiterrorism bill

(9) EDITORIALS

Asahi:

(1) What are you going to do about pension fiasco, Mr. Masuzoe?
(2) Ruling by Tokyo High Court in case of distributing JCP leaflets beyond common sense

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Mainichi:

(1) DPJ should submit own bill to counter new antiterrorism bill to maintain civilian control
(2) Distribution of leaflets: Greater ingenuity necessary to protect freedom of expression

Yomiuri:

(1) Federal rate cut: Uncertainty still looming over markets
(2) More practical measures needed to rectify regional tax income differences

Nikkei:

(1) Make utmost efforts to trace unidentified pension accounts
(2) U.S. monetary policy still on tight rope

Sankei:

(1) Strange plot of change of government in Russia
(2) Politicians must make apology for pension mess

Tokyo Shimbun:

(1) Government's responsibility serious for violating pledge on pension mess
(2) Guilty verdict in leaflets-distribution case cannot be overlooked

Akahata:

(1) A-bomb disease recognition study group: Why don't you listen to cries by victims?

(10) Prime Minister's schedule, December 12

NIKKEI (Page 2) (Full)
December 13, 2007

08:18

Attended at Kantei oversea economic cooperation meeting.

09:30

Met with METI Vice Minister Kitabata, Natural Resources and Energy Agency chief Mochizuki and METI Industrial Science and Technology Policy and Environment Bureau chief Ishida.

10:26

Met with Cabinet Office Vice Minister Uchida and Quality-of-Life Policy Bureau chief Nishi. Met afterwards with Science and Technology Minister Kishida and Science, Technology Policy Council member Masuo Aizawa, and Assistant Deputy Chief Cabinet Secretary Saka, followed by Minister of People's Life Kishida. Met with LDP Election Committee Chairman Koga and Vice Chairman Suga.

14:26

Met with Asian and Oceanian Affairs Bureau chief Sasae, followed by former LDP Secretary General Nakagawa.

15:28

Met with NKK Line Honorary Chairman Jiro Nemoto, followed by Finance Minister Nukaga, Vice Finance Minister Tsuda, Budget Bureau chief Sugimoto, and Financial Bureau chief Katsu.

16:29

Minister in charge of Declining Birthrate Kawakami. Met later with

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Aichi Gov. Kanda.

17:10

Vice Agriculture Minister Shirasu, followed by Deputy Chief Cabinet Secretary Futahashi.

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19:16

Returned to his private residence in Nozawa.

SCHIEFFER